

South Carolina Retirement Systems

Average Final Compensation

Customer Training Module

Disclaimer

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Average Final Compensation

(SCRS and PORS)

- **Average final compensation (AFC) is the 12 highest consecutive quarters of a member's earnable compensation divided by 3.**
- **The dollar amount of up to 45 days' termination pay for unused annual leave paid at retirement *may be included before averaging the member's 12 highest consecutive quarters of earnable compensation.**
- **Elected officials may use 36 consecutive months in place of the 12 highest consecutive quarters.**

****For TERI participation after 7/1/05 see page 6***

SC Code of Laws Sections 9-1-10(4) and 9-11-10(7)

Earnable Compensation

- **Earnable compensation is a rate of compensation for working one's full, normal working time; not amounts paid on a cash basis.**
- **When compensation includes maintenance, fees and other things of value, the SC Budget and Control Board shall establish the monetary value of such compensation.**
 - **Overtime is considered to be earnable compensation**
 - **Non-recurring bonus payments are not considered earnable compensation**
 - **Comp time is considered in period in which earned**

Wages Not Subject to Contributions

- **Sections 9-1-1020 and 9-1-1180 specifically provide that payments for unused sick leave, single special payments at retirement, bonus and incentive-type payments, or any other payments not considered a part of the regular salary base are not subject to contributions.**

If you have any specific questions, please contact us.

Annual Leave

- In accordance with S.C. Code Ann. Section 9-1-10(4) and 9-1-1020, an amount up to and including only 45 days' termination pay for unused annual leave at retirement may be included in the calculation of a member's AFC.
- If a member has received termination pay for unused annual leave on more than one occasion, contributions are deductible on up to and including 45 days' termination pay for unused annual leave for each termination payment for unused annual leave received by the member, except TERI participants with a TERI start date prior to July 1, 2005.
- For TERI retirement dates of 7/1/05 and after, the AFC is recalculated at the end of the TERI period to include applicable payment for unused annual leave at termination.

AFC Basic Example

<u>Quarter</u>	<u>Year</u>	<u>Earnings</u>
4	2005	10,506
3	2005	10,506
2	2005	10,506
1	2005	10,506
4	2004	10,200
3	2004	10,200
2	2004	10,200
1	2004	10,200
4	2003	10,000
3	2003	10,000
2	2003	10,000
1	2003	<u>10,000</u>
		\$122,824

Total Earnings	\$122,824.00
45 Days of Unused AL	+ <u>\$7,273.35</u>
Total	\$130,097.35

$$\$130,097.35 / 3 = \$43,365.78 \text{ AFC}$$

LEGEND

1st Quarter – Jul, Aug, Sep
 2nd Quarter – Oct, Nov, Dec
 3rd Quarter – Jan, Feb, Mar
 4th Quarter – Apr, May, Jun

TERI AFC Example

(for TERI Retirement dates 7/1/05 and after)

<u>Quarter</u>	<u>Year</u>	<u>Earnings</u>
4	2005	10,506
3	2005	10,506
2	2005	10,506
1	2005	10,506
4	2004	10,200
3	2004	10,200
2	2004	10,200
1	2004	10,200
4	2003	10,000
3	2003	10,000
2	2003	10,000
1	2003	<u>10,000</u>

\$122,824

TERI AFC

Total Earnings \$122,824

AFC = \$122,824 / 3 = \$40,491

Post TERI AFC

Total Earnings \$122,824

45 days of Annual Leave + \$7,273

Total \$130,097

AFC = \$130,097 / 3 = \$43,365

LEGEND

1st Quarter – Jul, Aug, Sep

2nd Quarter – Oct, Nov, Dec

3rd Quarter – Jan, Feb, Mar

4th Quarter – Apr, May, Jun

FORMS

- **Form 6202**

- *Certification of Final Retirement Deductions*

- **Form 6203**

- *Certification of Final Retirement Deductions for TERI Program*

- **Form 6210**

- *Certification of TERI Annual Leave Payment*

Notes on Completing Form 6202/6203

- **Section 1**
 - Quarter totals must match quarterly report
- **Section 2 – Sick Leave**
 - Up to 90 days added to service credit (equal to 4.5 months)
- **Section 3**
 - Last day of earned compensation/active employment
 - Date of termination
 - Date of final pay check
- **Section 4 – Contract Periods**
- **Delinquent 6202/6203 forms**
- **Provide to SCRS within 10 days from issuance of last pay check**

CERTIFICATION OF FINAL RETIREMENT DEDUCTIONS

STATE, CITY, COUNTY, MUNI

complete this form within 10 days after issuance of the employee's final paycheck. Please *do not estimate* any amounts. Your receipt of this form indicates *only* that this employee has filed an application. It does not indicate if the application has been approved.

PAYROLL DEPARTMENT

SSN: 000-00-0001

PORS /«APPLID»

Emp Code: 000.00

JANE DOE

Retirement Date: 6/16/2006

SECTION 1: Final Two Quarters of Active Employment (as they will appear on the Quarterly Reports)**TO LAST QUARTER**

Quarter End Date	Period Compensation	Contribution	Contract Length	Months Paid
03/31/2006	\$7,883.62	\$512.44	12	3

QUARTER EARNINGS

Quarter End Date	Period Compensation	Contribution	Contract Length	Months Paid
6/30/2006	\$6,757.38	\$439.23	12	3
ent for 25 Annual				
Days	+ \$4,306.00	\$279.89		

AL LAST QUARTER* = \$11,063.38 = \$719.12

Total Last Quarter listed above must agree with your final Quarterly Report for this member.

SECTION 2: Accrued Sick Leave at Retirement

Unused Sick Leave Days. Member may receive credit for up to 90 days of unused sick leave towards service credit payment, regardless of whether the days were paid or unpaid.

SECTION 3: Payroll Information at Retirement

Day of employee earned compensation	6/15/2006	Budgeted annual salary	\$29,282.00
Day of termination (see instructions)	6/15/2006	Daily rate of pay	\$172.24
Day of final pay check	6/22/2006	Paychecks per year	26

If the first day of earned compensation and date of termination are different, please check reason:

☐ Workers' Compensation ☐ Leave of Absence ☐ Other: date of retirement

If the employee was working other than a 7.5 or 8 hour work day (i.e. 10, 12, 24 hour shift), please enter the following:

Daily rate of pay: \$14.35 Number of hours in a shift: 12

SECTION 4: School & Higher Education Employees

Does employee complete the contract for the full school year? ☐ Yes ☐ No

How many days was this employee compensated? _____ days

Our Contract Periods:

Year	Contract Days	Contract Salary	Additional Payments	Reason for Additional Payment(s)
			\$126.42 OT	
			\$386.57 OT	

(Date)

(Authorized Signature)

(Business Phone)

(Fax Number)

1 6202
07/05

SOUTH CAROLINA RETIREMENT SYSTEMS RETIREE
CERTIFICATION OF FINAL RETIREMENT DEDUCTIONS
SCHOOL DISTRICT EMPLOYEE

complete this form within 10 days after issuance of the employee's final paycheck. Please *do not estimate* amounts. Your receipt of this form indicates *only* that this employee has filed an application. It does not indicate that the application has been approved.

PAYROLL DEPARTMENT

SSN: 000-00-0000
SCRS /«APPLID»
Emp Code: 000.00
JOHN DOE
Retirement Date: 7/1/2006

SECTION 1: Final Two Quarters of Active Employment (as they will appear on the Quarterly Reports)
TO LAST QUARTER

Quarter End Date	Period Compensation	Contribution	Contract Length	Months Paid
3/31/2006	\$10,000.00	\$625.00	12	3

QUARTER EARNINGS

Quarter End Date	Period Compensation	Contribution	Contract Length	Months Paid
6/30/2006	\$11,000.00	\$687.50	12	3

Percent for 0 Annual
Days + _____

AL LAST QUARTER* = \$11,000.00 = \$687.50

**Final Last Quarter listed above must agree with your final Quarterly Report for this member.*

SECTION 2: Accrued Sick Leave at Retirement

Unused Sick Leave Days. Member may receive credit for up to 90 days of unused sick leave towards service at retirement, regardless of whether the days were paid or unpaid.

SECTION 3: Payroll Information at Retirement

Day of employee earned compensation	<u> 5 / 20/2006 </u>	Budgeted annual salary	<u>\$40,000.00</u>
Day of termination (see instructions)	<u> 6 / 30/2006 </u>	Daily rate of pay	<u>\$210.53</u>
Day of final pay check	<u> 6 / 30/2006 </u>	Paychecks per year	<u> 12 </u>

If last day of earned compensation and date of termination are different, please check reason:

Reasons: Compensation ☐ Leave of Absence ☐ Other: date of retirement

If employee was working other than a 7.5 or 8 hour work day (i.e. 10, 12, 24 hour shift), please enter the following:
Rate of pay: \$ _____ Number of hours in a shift: _____

SECTION 4: School & Higher Education Employees

Does employee complete the contract for the full school year? ☒ Yes ☐ No
How many days was this employee compensated? _____ days

Other Contract Periods:

Year	Contract Days	Contract Salary	Additional Payments	Reason for Additional Payment(s)
6	190	\$40,000.00	\$1000.00	Coaching
5	190	\$38,000.00	\$1500.00	Coaching/Homebound
4	190	\$36,000.00	\$1300.00	Coaching/ADEPT
3	190	\$34,000.00	\$1100.00	Coaching/Stipend

(Date)

(Authorized Signature)

(Business Phone)

(Fax Number)

1 6202
7/05

SOUTH CAROLINA RETIREMENT SYSTEMS «APPLTYPE»
CERTIFICATION OF FINAL RETIREMENT DEDUCTIONS
SCHOOL DISTRICT EMPLOYEE

complete this form within 10 days after issuance of the employee's final paycheck. Please *do not estimate* amounts. Your receipt of this form indicates *only* that this employee has filed an application. It does not te that the application has been approved.

«CONTACTNAME»
SSN: «MBRSSN»
«SYSTEMLIT» / «APPLID»
Emp Code: «EMPCODE»
«FULLNAME»
Retirement Date: «DOR»

SECTION 1: Final Two Quarters of Active Employment (as they will appear on the Quarterly Reports)
TO LAST QUARTER

Quarter End Date	Period Compensation	Contribution	Contract Length	Months Paid
3/31/2006	\$10,000.00	\$625.00	12	3

QUARTER EARNINGS

Quarter End Date	Period Compensation	Contribution	Contract Length	Months Paid
6/30/2006	\$11,000.00	\$687.50	12	3

ent for 45 Annual
Days + \$9,473.92 = \$592.12

AL LAST QUARTER* = \$20,473.92 = \$1,279.62

**Total Last Quarter listed above must agree with your final Quarterly Report for this member.*

SECTION 2: Accrued Sick Leave at Retirement

Unused Sick Leave Days. Member may receive credit for up to 90 days of unused sick leave towards service at retirement, regardless of whether the days were paid or unpaid.

SECTION 3: Payroll Information at Retirement

ay of employee earned compensation	<u>5 / 20/ 2006</u>	Budgeted annual salary	<u>\$40,000.00</u>
f termination (see instructions)	<u>6 / 30/ 2006</u>	Daily rate of pay	<u>\$210.53</u>
f final pay check	<u>6 / 30/ 2006</u>	Paychecks per year	<u>12</u>

ast day of earned compensation and date of termination are different, please check reason:

kers' Compensation ☐ Leave of Absence ☐ Other: date of retirement

employee was working other than a 7.5 or 8 hour work day (i.e. 10, 12, 24 hour shift), please enter the following:
rate of pay: \$ _____ Number of hours in a shift: _____

SECTION 4: School & Higher Education Employees

3 employee complete the contract for the full school year? x Yes ☐ No
ow many days was this employee compensated? _____ days

our Contract Periods:

ar	Contract Days	Contract Salary	Additional Payments	Reason for Additional Payment(s)
6	190	\$40,000.00	\$1000.00	Coaching
5	190	\$38,000.00	\$1500.00	Coaching/Homebound
4	190	\$36,000.00	\$1300.00	Coaching/ADEPT
3	190	\$34,000.00	\$1100.00	Coaching/Stipend

(Date) (Authorized Signature) (Business Phone) (Fax Number)

1 6202
07/05

SOUTH CAROLINA RETIREMENT SYSTEMS RETIREE
CERTIFICATION OF FINAL RETIREMENT DEDUCTIONS
STATE, CITY, COUNTY, MUNI

complete this form within 10 days after issuance of the employee's final paycheck. Please do not estimate amounts. Your receipt of this form indicates only that this employee has filed an application. It does not indicate that the application has been approved.

PAYROLL DEPARTMENT

SSN: 000-00-0001
SCRS /«APPLID»
Emp Code: 000.00
JANE DOE
Retirement Date: 6/16/2006

SECTION 1: Final Two Quarters of Active Employment (as they will appear on the Quarterly Reports)

TO LAST QUARTER

Quarter End Date	Period Compensation	Contribution	Contract Length	Months Paid
03/31/2006	\$7,883.62	\$492.73	12	3

QUARTER EARNINGS

Quarter End Date	Period Compensation	Contribution	Contract Length	Months Paid
6/30/2006	\$6,757.38	\$422.34	12	3

ent for 45 Annual
Days + \$5,067.90 = \$316.74

AL LAST QUARTER* = \$11,825.28 = \$739.08

*Total Last Quarter listed above must agree with your final Quarterly Report for this member.

SECTION 2: Accrued Sick Leave at Retirement

Unused Sick Leave Days. Member may receive credit for up to 90 days of unused sick leave towards service at retirement, regardless of whether the days were paid or unpaid.

SECTION 3: Payroll Information at Retirement

Day of employee earned compensation	6/15/2006	Budgeted annual salary	\$29,282.00
Final termination (see instructions)	6/15/2006	Daily rate of pay	\$ 112.62
Final pay check	6/22/2006	Paychecks per year	26

1st day of earned compensation and date of termination are different, please check reason:
☐ Workers' Compensation ☐ Leave of Absence ☐ Other: date of retirement

employee was working other than a 7.5 or 8 hour work day (i.e. 10, 12, 24 hour shift), please enter the following:
rate of pay: \$ Number of hours in a shift:

SECTION 4: School & Higher Education Employees

Does employee complete the contract for the full school year? ☐ Yes ☐ No
How many days was this employee compensated? days

Our Contract Periods:

Year	Contract Days	Contract Salary	Additional Payments	Reason for Additional Payment(s)

Date)

(Authorized Signature)

(Business Phone)

(Fax Number)

6203
07/05

SOUTH CAROLINA RETIREMENT SYSTEMS RETIREE
CERTIFICATION OF FINAL RETIREMENT DEDUCTIONS
FOR THE TEACHER AND EMPLOYEE RETENTION INCENTIVE PLAN

SCHOOL DISTRICT EMPLOYEE

Employee has indicated his/her intention to participate in the Teacher and Employee Retention Incentive Plan (TERI). complete this form within 10 days after issuance of the employee's final paycheck as an active employee. Please *do not* e any amounts. Your receipt of this form indicates *only* that this employee has filed an application, not that the tion has been approved. Information provided should be based on work completed prior to the TERI effective date.

PAYROLL DEPARTMENT

SSN: 000-00-000
SCRS / APPLID
Emp Code: 000.00
JOHN DOE
TERI Effective Date : 6/1/2006

SECTION 1: Final Two Quarters of Active Employment (as they will appear on the Quarterly Reports)

' TO LAST QUARTER

Quarter End Date	Period Compensation	Contribution	Contract Length	Months Paid
<u>3/31/2006</u>	<u>\$10,000.00</u>	<u>\$625.00</u>	<u>12</u>	<u>3</u>

QUARTER

Quarter End Date	Period Compensation	Contribution	Contract Length	Months Paid
<u>6/30/2006</u>	<u>\$11,000.00</u>	<u>\$687.50</u>	<u>12</u>	<u>3</u>

SECTION 2: Accrued Sick Leave at Retirement

Unused Sick Leave Days. Member may receive credit for up to 90 days of unused sick leave towards in the calculation of rement benefit, regardless of whether the days were paid or unpaid. This amount must be deducted from the employee's sick alance.

SECTION 3: Payroll Information at Retirement

y of active employment (see instructions) 5/31/2006 Budgeted annual salary \$ 40,000.00
termination from active employment 5/31/2006
final (pre-TERI) paycheck 6/30/2006 Paychecks per year 12
st day of active employment and date of termination are different, please check reason:
1 ☐ Workers' Compensation ☐ Leave of Absence ☐ Other: _____

SECTION 4: School & Higher Education Employees

s employee complete the contract for the full school year prior to Participation in TERI? ☐ Yes ☐ No
ow many days was this employee compensated for prior to participation in TERI? _____ days

our Contract Periods:

ar	Contract Days	Contract Salary	Additional Payments	Reason for Additional Payment(s)
6	190	\$40,000.00	\$1000.00	Coaching
5	190	\$38,000.00	\$1500.00	Coaching/Homebound
4	190	\$36,000.00	\$1300.00	Coaching/ADEPT
3	190	\$34,000.00	\$1100.00	Coaching/Stipend

(Date) (Authorized Signature) (Business Phone) (Fax Number)

6203
07/05

SOUTH CAROLINA RETIREMENT SYSTEMS
CERTIFICATION OF FINAL RETIREMENT DEDUCTIONS
FOR THE TEACHER AND EMPLOYEE RETENTION INCENTIVE PLAN

RETIREE

STATE, CITY, COUNTY, MUNI

employee has indicated his/her intention to participate in the Teacher and Employee Retention Incentive Plan (TERI).
complete this form within 10 days after issuance of the employee's final paycheck as an active employee. *Please do not*
e any amounts. Your receipt of this form indicates *only* that this employee has filed an application, not that the
tion has been approved. Information provided should be based on work completed prior to the TERI effective date.

PAYROLL DEPARTMENT

SSN: 000-00-0001
SCRS / APPLID
Emp Code: 000.00
JANE DOE
TERI Effective Date : 6/2/2006

SECTION 1: Final Two Quarters of Active Employment (as they will appear on the Quarterly Reports)

TO LAST QUARTER

Quarter End Date	Period Compensation	Contribution	Contract Length	Months Paid
3/31/2006	\$10,000.00	\$625.00	12	3

QUARTER

Quarter End Date	Period Compensation	Contribution	Contract Length	Months Paid
6/30/2006	\$10,000.00	\$625.00	12	3

SECTION 2: Accrued Sick Leave at Retirement

Unused Sick Leave Days. Member may receive credit for up to 90 days of unused sick leave towards in the calculation of
ement benefit, regardless of whether the days were paid or unpaid. This amount must be deducted from the employee's sick
alance.

SECTION 3: Payroll Information at Retirement

Start date of active employment (see instructions) 6/1/2006 Budgeted annual salary \$ 40,000.00
Date of termination from active employment 6/1/2006
Date of final (pre-TERI) paycheck 6/16/2006 Paychecks per year 24
If the start day of active employment and date of termination are different, please check reason:
I ☐ Workers' Compensation ☐ Leave of Absence ☐ Other: _____

SECTION 4: School & Higher Education Employees

Does employee complete the contract for the full school year prior to Participation in TERI? ☐ Yes ☐ No
How many days was this employee compensated for prior to participation in TERI? _____ days

Our Contract Periods:

Year	Contract Days	Contract Salary	Additional Payments	Reason for Additional Payment(s)

(Date)

(Authorized Signature)

(Business Phone)

(Fax Number)

Form 6210

***Certification of
TERI Annual
Leave Payment***

Notes on Completing Form 6210

- **Section 1**
 - Annual leave payment
 - **Section 2**
 - Date of termination
 - Date of final pay check
- **Please complete this form once the TERI termination date has passed. Member will not receive distribution of accumulated TERI benefits until employer confirms termination date! TERI participants with a TERI start date after 6/30/2005.**

1 6210
LTYPE»
07/05

SOUTH CAROLINA RETIREMENT SYSTEMS

CERTIFICATION OF TERI ANNUAL LEAVE PAYMENT

«CURDATE»

(SCRS ONLY SCHOOL DISTRICT, STATE, CITY, COUNTY EMPLOYEES)

ding to our records the member named below is scheduled to end participation in the TERI program on
DATE». Please complete this form within 10 days after issuance of the employee's annual leave
eck. Please do not estimate any amounts. The member will not receive a distribution of TERI deferred
's nor a monthly annuity reflecting the inclusion of annual leave until SCRS has received and processed
mpleted form.

PAYROLL DEPARTMENT

SSN: 000-00-0001
SCRS / APPLID
Emp Code: 000.00
JANE DOE
Retirement Date: 6/2/2006

SECTION 1: Annual Leave Information

Quarter End Date	Unused Annual Leave Days	Payment for Unused Annual Leave	Contributions
06 / 16 / 2006	45	\$ 7,788.46	* \$506.25

SECTION 2: Final TERI Payroll Information

led annual salary \$ 45,000.00

/ rate of pay \$ 173.08

or days in contract or normal work year 260

f termination 05 / 31 / 2007

f annual leave paycheck 06 / 16 / 2007

osition Title BEST MANAGER

employee was working other than a 7.5 or 8 hour work day (i.e. 10, 12, 24 hour shift), please enter the following:
rate of pay: \$ _____ Number of hours in a shift: _____

SECTION 3: Certification

(Date) (Authorized Signature) (Business Phone) (Fax Number)

E: CONTRIBUTION RATE USED FOR ANNUAL LEAVE PAYOUT IS 6.5% (0.0650)

E: MUST HAVE ONE OR THE OTHER COMPLETED ABOVE.

School Districts & Higher Education

Contract Payout *Necessity and Calculation*

Contract Payout Options

- **Lump sum salary payment upon the member's retirement/TERI start date**
- **Employer should issue normal paycheck until contributions are deducted on all earnings prior to retirement**
 - **This option may require the employer to split a payroll into active and retiree wage/contributions**

Contract Payout Example

- **Contract payout for a teacher with a January 1, 2006, date of retirement**
- **Teacher has worked 95 days of a 190 day contract**

Year	Salary	Contract Days	Daily Rate	Days Earned	Compensation
2004-05	42,664.00	190.00	224.55	95.00	21,332.00

Contract Payout Example Continued

Compensation for which contributions are due - \$21,332

Month	Pay Checks Issued thru DOR
August	\$3,555.33
September	\$3,555.33
October	\$3,555.33
November	\$3,555.33
December	\$3,555.33
Total	\$17,776.65

Although paychecks may only have been issued totaling \$17,776, contributions are due on an additional \$3,555.33 because the member has fulfilled 50% of contract terms.

$$(\$21,322 - \$17,776.65 = \$3,555.33)$$

Questions?